

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE

**CORRECTED  
FISCAL NOTE**



**HB 2384 - SB 2246**

February 7, 2012

**SUMMARY OF BILL:** Replaces “civil service” with “state service” to describe executive branch employees. Replaces the “career service” category of state employees with “preferred service”, and establishes personnel procedures. Decreases the time required for posting a job announcement from two weeks to one. Requires the hiring agency to establish hiring criteria, and to submit such to the Commissioner of the Department of Human Resources (DOHR). Requires the Commissioner to establish and maintain a list of eligible applicants meeting the minimum qualifications for each position. Requires the appointing authority to interview at least three candidates. Creates veterans preference in the interview process. Increases the probationary period to at least one year, rather than six months. Authorizes the Commissioner to establish standards for performance evaluations and pay-for-performance and merit pay. Authorizes appointing authorities, upon the Commissioner’s approval, the authority to undergo a reduction in force, furlough, or reduction of hours due to lack of funds or work, efficiency, or other material change. Decreases, from 90 to 30 days, the advance notice that is required to be provided to an employee prior to layoff due to a reduction in force. Decreases, from 30 to 10 days, the advanced notice required when a layoff is due to a likelihood of the revenue fluctuation reserve funds (rainy day fund) falling below \$200,000,000 (currently \$100,000,000). Establishes priorities for force reductions and layoffs. Establishes time limits for the filing of complaints by employees and the rendering of decisions by the Department. Establishes time limits for the appeals process. Creates a Board of Appeals consisting of seven members, and eliminates the Civil Service Commission. Establishes an employee mediation program. Authorizes the Commissioner to enter into agreements with local governments to provide services in the administration of personnel, for which local governments will reimburse the state.

**ESTIMATED FISCAL IMPACT:**

On January 30, 2012, a fiscal note was issued estimating a fiscal impact as follows:

*Increase State Expenditures – \$300*

*Other Fiscal Impact – The decrease in state expenditures resulting from one state employee being laid off is approximately \$7,900. Any future decrease in state expenditures is dependent upon the number of employees laid off in any given year. As a result, this impact cannot be quantified with reasonable certainty.*

**HB 2384 - SB 2246 (CORRECTED)**

*Due to a miscalculation, this impact was in error. Based on additional review, the estimated impact is:*

**(CORRECTED)**

**Decrease State Expenditures – \$400**

**Other Fiscal Impact – The decrease in state expenditures resulting from one state employee being laid off is approximately \$7,900. Any future decrease in state expenditures is dependent upon the number of employees laid off in any given year. As a result, this impact cannot be quantified with reasonable certainty.**

Assumptions:

- The Civil Service Commission currently consists of nine members and meets an average of five times per year. Commission members are paid \$50 per meeting, approximately \$20 for parking, and travel costs, resulting in state expenditures of approximately \$6,323 [(\$50 per meeting + \$20 parking) + (150 miles x \$0.47 per mile) x 9 members x 5 meetings].
- DOHR anticipates the Board of Appeals will need to meet seven times per year.
- Assuming one meeting will be held via teleconference requiring no travel, state expenditures will be \$5,901 [(\$50 per meeting + \$20 parking) + (150 miles x \$0.47 per mile) x 7 members x 6 meetings] per year.
- The total recurring decrease in state expenditures is \$422 (\$6,323 - \$5,901).
- The average state employee salary is \$3,958 per month. Currently, the state gives each laid off employee three months notice, resulting in average state expenditures of \$11,874 (\$3,958 salary x 3 months) per employee.
- Decreasing the notice period from three months to one month will decrease state expenditures by approximately \$7,916 (\$3,958 salary x 2 months) per employee.
- The number of state employees that will be laid off in the future is unknown and dependent upon several unknown factors such as the extent of future revenue collections, and the extent of future departmental appropriations received by the various state departments and agencies. Given these unknowns, the total decrease in state expenditures cannot be quantified with reasonable certainty.
- According to DOHR, no departmental responsibilities will be affected by the transfer of current civil service employees into the preferred service.
- Departments currently have a designee to hear due process grievances. DOHR assumes the same designee will hear appeals on behalf of the Department.
- According to DOHR, the number of appeals will decrease as the legislation limits the types of appeals to a violation of a law, rule, or policy.
- According to DOHR, the Department currently employs attorneys licensed as Rule 31 mediators, who will assume responsibilities associated with the employee mediation program.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise'.

Lucian D. Geise, Executive Director

/sbh